

**Yuma WORC Center, Inc.**  
**256 South 2<sup>nd</sup> Ave. Ste#A**  
**Yuma, AZ 85364**  
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Ms. Stephanie Hillmon  
Committee for Purchase  
From People Who Are Blind or  
Severely Disabled  
1421 Jefferson Davis Hwy Ste# 10800  
Arlington, VA 22202-3259

January 30, 2006

Dear Ms. Hillman,

As the Executive Director of a Non-Profit Agency, NPA that has been performing services under the JWOD program for over twenty years I appreciate the opportunity to comment on the Committee's plan to reissue a proposed rule on Non-Profit Agencies (NPA) Governance and Executive Compensation.

**Qualified Agencies Have Good Governance Practices:**

There are many different accreditation programs that currently exist that provide periodic reviews of NPA's internal structure and governance practices. The criteria used to determine compliance and continued accreditation are comparable to or exceed the requirements under consideration by the Committee. These accreditation programs could be identified by the Central Non-Profit Agencies (CNA) and approved by the Committee as a mechanism of ensuring compliance. Those NPA's that currently are not accredited through any program will be provided a reasonable timeline to obtain accreditation. Noncompliance without reasonable cause after the "grace period" would result in revocation of JWOD/NISH non-profit status.

Although most, if not all, accreditation programs require annual financial audits, mandating financial audits for those NPA's performing JWOD contracts that are submitted annually with the FORM 404 may be a consideration by the Committee.

Exemptions need to be considered for those smaller NPA's that perform under the JWOD program in the inner city and rural areas. They provide employment to individuals with disabilities that would not be available under any other circumstances. The financial and administrative burden placed on these agencies if they were required to comply with a mandated accreditation or annual financial audit request may eliminate their opportunity to perform services under a JWOD contract.

**Effect of Executive Compensation on Fair Market Price Determinations:**

Due to the diversification of the NPA's performing JWOD contracts the threshold of executive compensation generally is a percentage based on revenue and/or budget. Oftentimes, the revenue produced by a JWOD contract is a small portion of the overall revenue generated by the NPA. A highly compensated executive would be an individual whose percentage compensation exceeds a predetermined average published by an acceptable source such as *The Chronicle for Philanthropy*. In such cases an investigation can be requested by the CNA.

Currently, JWOD contract prices adhere to the Committee's guidelines outlined in Pricing Memorandum #3 (PR3) that is tied to commercial market pricing. The JWOD approved Fair Market Prices cap General and Administrative (G&A) expenses at 9.5% and all JWOD contracts are fixed price contracts. The measures taken within the content of the Statement of Work (SOW) insures that the NPA complies with quality standards established by the federal agency. Additionally, NPA's are subject to payroll verification by the contracting officer to insure the appropriate number of direct labor resources have been allocated to perform the contracted service requirements as identified within the pricing model submitted during contract negotiations. This is an internal control and measurement that is available to ascertain that the NPA is complying with the contract resource allocation. This prohibits any executive compensation being derived from the direct labor force allocation of the contract.

As previously stated, compliance with a mandated annual financial audit coupled with an addendum to the existing FORM 404 requiring board accountability of executive compensation and independent members would provide a mechanism for the Committee to insure compliance. Once again these measures would be exercised with sensitivity to the smaller NPA's servicing the inner city and rural communities.

The Yuma WORC Center, Inc. appreciates the opportunity to comment on the proposed rule and look forward to the Committees decision with regards to NPA governance and executive compensation.

Kind Regards,

*Carol A. Carr, MBA*

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Executive Director  
Yuma WORC Center, Inc.